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## ABSTRACT

This study on the consumer protection function in postsecondary education was designed to provide the following: (1) improved consumer protection strategies that would stress approaches to presenting or controlling conditions, policies, and practices categorized as consumer abuses; and (2) a nonregulatory strategy detailing ways to improve the education of the student consumers themselves so they can identify and, if possible, avoid or deal properly with institutional abuses. Student complaints obtained from the U.S. Office of Education and the Federal Trade Commission were analyzed and classified. Fourteen types of institutional abuses are outlined in this summary report. Additional data were collected using specially-developed survey instruments (the Institutional Report Forms (IRF) and the Enrolled Student Questionnaire). Explanatory manuals for private and public agencies interested in using the study findings were also developed. Suggestions are offered for reducing the potential for abuse. Among the recommendations are the establishment of an information system for sharing and disseminating state-agency produced IRF scores and for increased awareness by accreditation agencies. (LBH)

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ED139308

**Executive  
Summary**  
**PLANNING/EVALUATION  
STUDY**

U.S. DEPARTMENT OF HEALTH,  
EDUCATION & WELFARE  
NATIONAL INSTITUTE OF  
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IMPROVING THE CONSUMER PROTECTION  
FUNCTION IN POSTSECONDARY EDUCATION

APRIL 1977

U.S. Office of Education / Office of Planning, Budgeting and Evaluation

## EXECUTIVE SUMMARY

### Improving the Consumer Protection Function in Postsecondary Education

#### Background

Early in 1975, considerable concern was voiced within and outside the government regarding a large number of alleged abuses of students who were the recipients of federal aid. The abuses which received the most attention occurred in proprietary occupational-training schools. Abuses were also recorded in private non-profit and public institutions, both in occupational-training contexts and in degree-granting higher education contexts. There was pressure from Congress, the states and the federal agencies, to stem institutional abuses of students, especially students who were receiving Guaranteed Student Loans. A study was designed to develop improved consumer-protection strategies for postsecondary education. It focused on locating the available evidence for allegations that students were being subjected to institutional malpractice, and on the identification of institutional practices which could mislead students about which institution to attend. The purpose of the study was to provide improved consumer protection strategies, including a regulatory strategy which could be used by the U.S. Office of Education as well as by other federal agencies. These strategies would stress approaches to preventing or controlling conditions, policies, and practices categorized as consumer abuses. There would also be a non-regulatory strategy detailing ways to improve the education of the student consumers themselves, so that they could identify and, if possible, avoid or deal properly with institutional abuses. Additionally, there would be more information about the degree to which postsecondary institutions allowed abusive conditions, policies and practices to exist.

#### Methodology

The study was designed by the U.S. Office of Education (USOE) and was carried out by the American Institutes for Research (AIR), Palo Alto, California.

The contractor analyzed and classified the student complaints obtained from USOE and the Federal Trade Commission (FTC) in order to produce a preliminary descriptive set of potentially abusive institutional conditions, policies and practices. The preliminary set was augmented by case study materials from the literature, resulting in the following set containing 14 types of abuses.

### Types of Institutional Abuses

1. Inequitable refund policies and failure to make timely tuition and fee refunds.
2. Misleading recruiting and admissions practices.
3. Untrue or misleading advertising.
4. Inadequate instructional programs.
5. Unqualified instructional staff.
6. Lack of necessary disclosure in written documents.
7. Inadequate instructional equipment and facilities.
8. Lack of adequate job placement services (if promised), and lack of adequate follow up of graduates.
9. Lack of adequate student orientation practices.
10. Inadequate housing facilities.
11. Lack of adequate practices for keeping student records.
12. Excessive turnover in the instructional staff.
13. Misrepresentation or misuse of chartered, approved, or accredited status.
14. Lack of adequate financial stability.

Data which could be clearly understood and analyzed by institutions, regulatory agencies, accreditation bodies and students were needed in order to do further research on the preliminary set of abuses. Existing data-collection instruments could not provide descriptive indicators for institutional conditions, policies and practices which were related directly to student-consumer abuse. The study team thus designed and developed new instruments to collect the required data, as well as explanatory manuals for private and public agencies interested in using the study findings.

#### ° The Institutional Report Forms (IRFs)

- A. Degree granting institutions of higher education
- B. Occupational training institutions

#### ° The Enrolled Student Questionnaire (ESQ)

A System for Collecting, Analyzing and Sharing

Information on Institutional Consumer Protection

Practices: Regulatory User Guide, and an Accreditation

User Guide

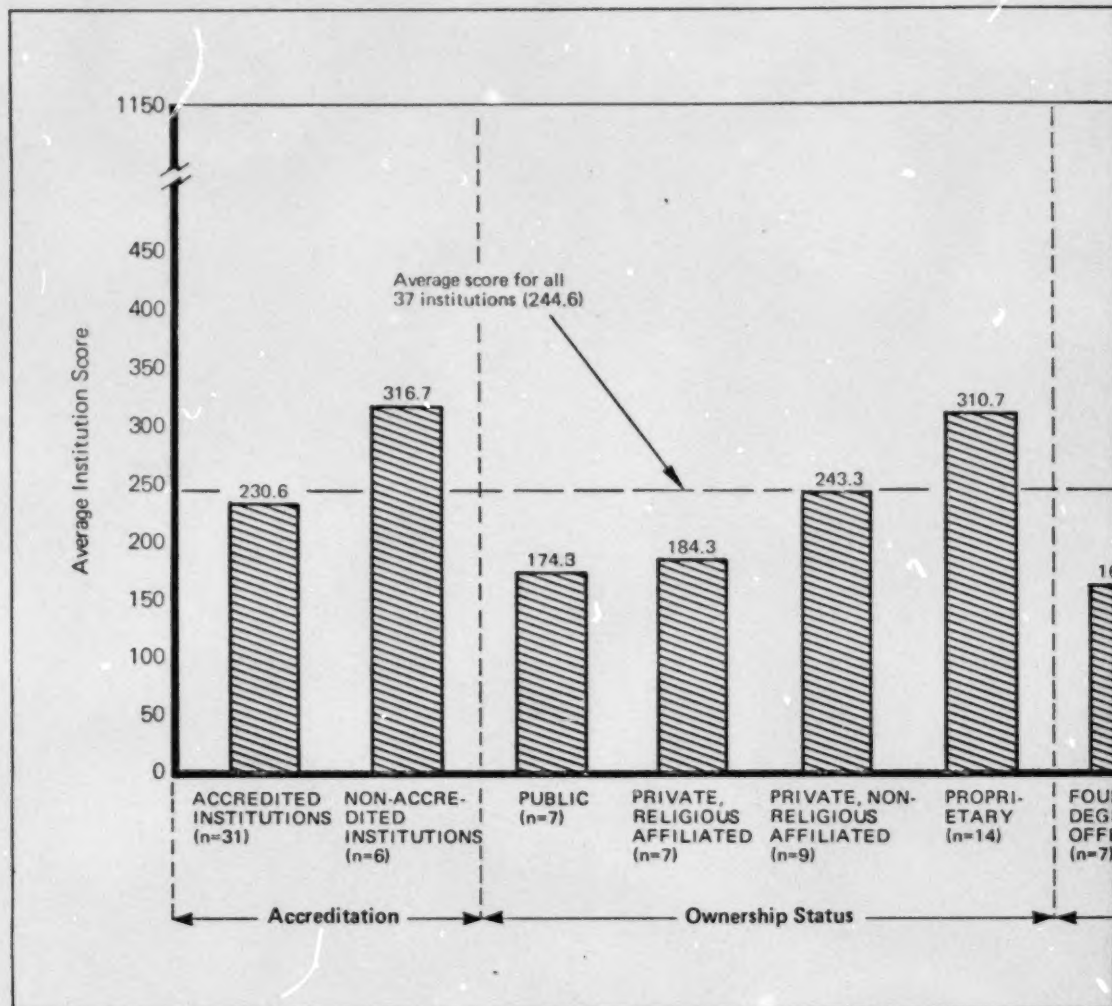
Safeguarding Your Education: A Student's Consumer

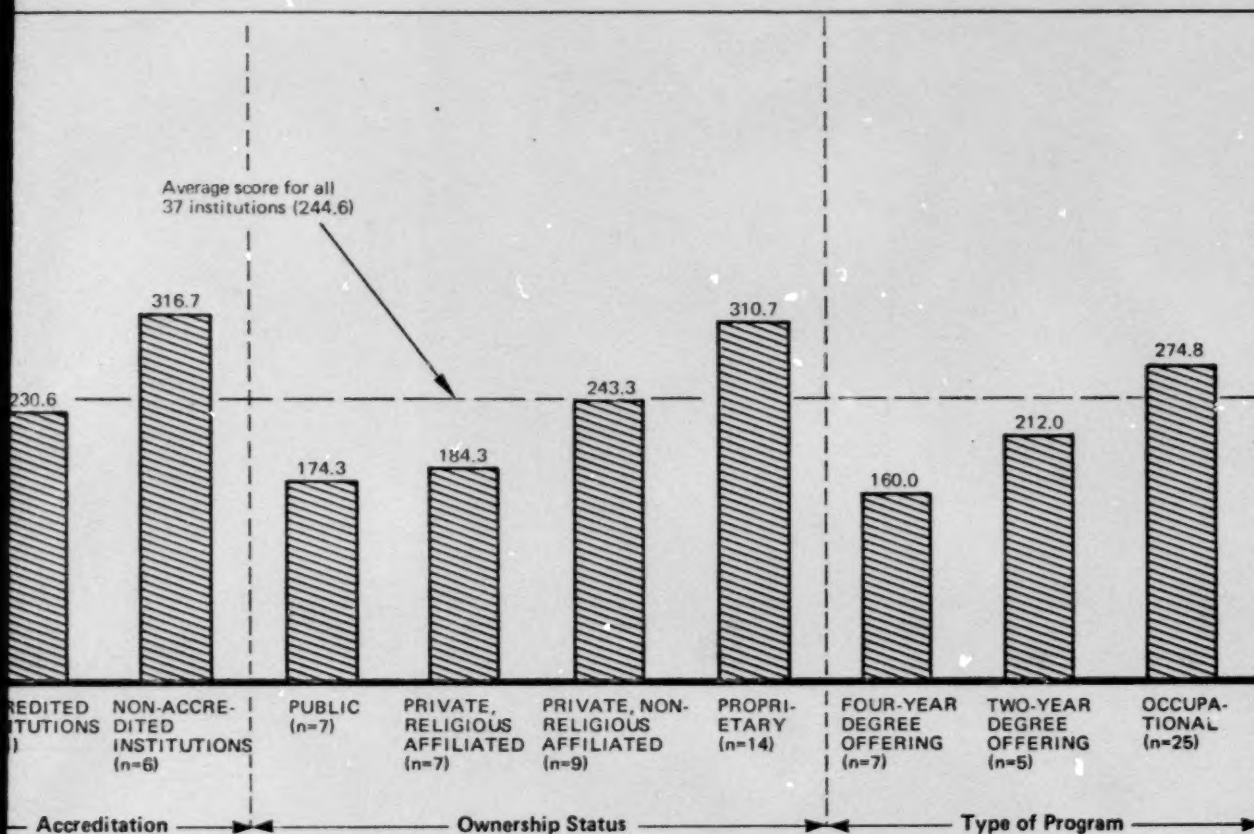
Guide to College and Occupational Education

A sample of 15 schools were selected at random from each of three states. Selection of states was made from data provided by an Advisory Panel comprised of State and Private Accrediting Officials. The states were selected on the basis of (a) the stringency of their laws governing the licensing and operation of private postsecondary institutions, and (b) their enforcement of those laws. One state each with "very stringent," "moderately stringent" and "non-stringent" laws and enforcement mechanisms was selected. Forty-five institutions were selected for field testing of the USOE Institutional Report Form (IRF), and an Enrolled Student Questionnaire (ESQ). Thirty-seven institutions ultimately volunteered to participate. The study team visited each of the 37 institutions and interviewed chief administrative officers or groups of officers. The Enrolled Student Questionnaire (ESQ) was administered to all first-year students in 26 institutions. Catalogues, brochures, and other public information documents and policy statements were examined at all the institutions. The IRF for occupational training institutions was used as the primary questionnaire in all cases; its weighted scores could theoretically vary from zero up to the maximum of 1,150 (the lower the sums of scores, the less consumer abuse was indicated).

Findings

Scores for degree-granting institutions of higher education ranged from 100 to 300, and for occupational institutions from 90 to 430. See attached table for specific scores by institutional type and control. The study found that postsecondary institutions from the state with very stringent laws and public, accredited, and higher education institutions had lower consumer abuse scores on the average than did institutions from the state having non-stringent laws and non-public, non-accredited and occupational institutions. The report further observed that with the exception of differences among States, all these relationships were statistically significant. The report further states that statistically significant relationships were found between lower (i.e., better) institution consumer-abuse scores and greater student satisfaction with the quality of education being obtained. The study also found that some potential for student abuse existed in every postsecondary institution in the sample studied. Furthermore, students were not generally knowledgeable about potentially abusive practices or about their rights as consumers of educational services.





**AVERAGE IRF FIELD TEST SCORES SHOWING DIFFERENCES BY ACCREDITATION, OWNERSHIP STATUS, AND TYPE OF PROGRAM**

Institution scores based only on an analysis of publicly available institutional documents correlated significantly with institution scores based on the documents plus an interview. The report states that further studies should pay careful attention to document analysis as a promising and unobtrusive data-collection mechanism.

The report states that the potential for abuse could be reduced as follows:

1. The categories, examples, and indicators of potentially abusive institutional conditions and practices produced by this project should be brought to the attention of the chief administrative officer of every institution which gains eligibility to participate in Federal student assistance programs.
2. The information dissemination called for above should be followed by an assessment of the information's impact on institutional self-study and self-improvement.
3. An information system should be established for sharing and disseminating state-agency produced IRF scores for institutions which operate across state lines.
4. USOE-recognized accreditation agencies should continue to urge an increased awareness of student consumer protection on their member institutions as an integral part of the accreditation process.
5. The "continuous review (of) the criteria for determination of, or termination of, eligibility for institutional participation in USOE administered financial aid programs, and . . . appropriate recommendations for change" recently recommended by USOE's Task Force on Implementing Educational Consumer Protection Strategies should include consideration of minimum consumer protection standards based upon preventing the types of abuses listed in the report.
6. Selected state governments should be requested to implement the interview-based system for information collection and analysis developed in this project. They should also be requested to evaluate the impact of using that system.

### Study Product Implementations

The Institutional Report Form (IRF), designed and developed for this study has been re-designed and is being pilot-tested with a highly select number of private and public postsecondary institutions to collect student information called for in the 1976 Education Amendments. Additionally, the study-developed student guide entitled Safeguarding Your Education: A Student's Guide to College and Occupational Education, which was based upon the 14 different types of consumer abuses is now being commercially produced under copyright for national dissemination. The Guide contains helpful suggestions for identifying minimum acceptable risk levels, and, based on information obtained, for ruling out alternatives which seem to fall below those levels. Lastly, it contains examples and discussions which are appropriate to both occupational training and higher education as postsecondary options.